

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

MEMORANDUM FOR: ALL EMPLOYEES.

FROM: Hugh E. Price  
Director of PersonnelSUBJECT: Election of Coverage: Federal Employees Retirement System  
(FERS) or FERS Special Category

1. On 1 July 1987, the transfer period will begin during which employees currently covered under the Civil Service Retirement System (CSRS) must decide whether to transfer into the new Federal Employees Retirement System (FERS) and employees currently covered under the CIA Retirement and Disability System (CIARDS) must decide whether to transfer into FERS Special Category (the FERS equivalent of CIARDS). In this connection, I am forwarding a packet of forms which you must sign to certify whether you (A) elect to transfer into FERS or FERS Special Category or (B) elect to remain in your current retirement system.

2. Because of the importance of this decision, and the fact that your decision will be irrevocable, you will have a full six months--1 July through 31 December 1987-- to make up your mind. Those of you who want to transfer into FERS or FERS Special Category will probably want to make your election early in the transfer season so you may:

- Begin earning credit toward Social Security immediately, and
- Enjoy the benefits of the Government's automatic 1% contribution and any Government matching contributions to your Thrift Savings Plan (TSP) that will result from joining FERS. (NB: Employees who transfer to FERS or FERS Special Category outside a TSP open season will have 30 days after their date of transfer to enroll in the TSP or to change their contribution rates.)

Others may find their situation more complicated and will want to do additional research before deciding which retirement system is right for them.

3. The enclosed packet of forms consists of two parts and requires your signature in several places:

PART 1: PART 1 must be signed by all CSRS and CIARDS employees and must be returned as soon as possible to your Component Personnel Officer. PART 1 does not commit you to anything. It simply acknowledges that you have received the packet of forms and asks for some basic identifying information. Because the Agency will administer retirement for all of our employees, you should leave blank the sections titled "Employing Department or Agency" and "Agency location."

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PART 2: PART 2 is the document on which you will make your actual election. Your decision is irrevocable, so be sure you read the instructions and weigh the issues carefully. The first three sections of PART 2 are much like PART 1--they simply repeat the identifying information (leave blank the sections requesting information on Agency, Department and location) and ask that you verify again that you have received the form. The remainder of the form consists of three sections:

Section 4: The Election.

Section 5: Former Spouse Information.

Section 6: Signature and date.

Once you have made your decision, return PART 2 to your Component Personnel Officer.

4. You do not need your spouse's consent to switch from your current system into FERS or FERS Special Category--although it is certainly a matter that should be discussed with your spouse. You may, however, be required to obtain the consent of a former spouse(s). For details of the former spouse consent rules you should refer to Headquarters Notice [ ] which is available in your component personnel office or contact Retirement Operations Branch, Retirement Division, Office of Personnel (ROB/RD) [ ] [ ] Former Spouse Consent Forms are available from your component personnel officers or ROB/RD.

5. If you transfer to FERS or FERS Special Category, you should also ask your personnel officer or ROB/RD for a "Designation of Beneficiary" form since your previous designation of a beneficiary under CSRS or CIARDS will be cancelled. If you transfer into FERS or FERS Special Category and do not submit a new designation of beneficiary, you will be subject to the statutory rules on beneficiaries.

6. You alone can weigh the pros and cons of the old system and the new system and decide which is better given your personal and family circumstances, your career progression and career plans, your financial situation and savings habits. I urge you NOT to sign PART 2 of the packet of forms until you have reviewed the Office of Personnel Management's "FERS Transfer Handbook" and the appropriate Office of Personnel "Factors To Consider Brochure" and used the computer software for comparing retirement benefits under the old and new systems. All of the above materials are available through your component personnel officer.

7. If you want to change systems, you should be aware that there may be a temporary gap in disability or survivor coverage under Social Security. The FERS basic benefit provides survivor and disability benefits immediately; however, there may be waiting periods for additional survivor and disability benefits under the Social Security portion of FERS. Therefore, if you want benefits equal to the combined FERS basic benefit and Social Security coverage you may want to consider arranging in advance for private insurance to cover any temporary gaps in total combined disability or survivor coverage. For assistance, I would encourage you to contact your Component Personnel Officer; a retirement counselor in OP/RD [ ] or members of the OP Retirement Task Force [ ] [ ] [ ]

Hugh E. Price